



Indiana Housing & Community Development Authority

NAP



Neighborhood Assistance Program

2020-21 Award Manual

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Section 100: IHCD

Background:

At IHCD, we believe that growing Indiana's economy starts at home. Everyone can agree that all Hoosiers should have the opportunity to live in safe, affordable, good-quality housing in economically stable communities. That's the heart of IHCD's mission. Our charge is to help communities build upon their assets to create places with ready access to opportunities, goods, and services. We also promote, finance, and support a broad range of housing solutions, from temporary shelters to homeownership.

Mission Statement:

To provide housing opportunities, promote self-sufficiency, and strengthen communities.

Community Programs Department Overview:

In 2007, the Governor of the State of Indiana Mitchell E. Daniels, Jr., designated IHCD as the lead agency for the purpose of carrying out State activities for the Community Services Block Grants ("CSBG"), Weatherization ("Wx"), and Energy Assistance Program ("EAP"). In 2013, these programs were transferred to the Community Programs Department, which also encompasses the Individual Development Account Program. In 2014, The Neighborhood Assistance Program joined the Community Programs division, creating a department that assists communities more holistically.

IHCD Contact Information:

Please send all questions and comments about the NAP program to the Community Programs NAP Analyst via the following email: nap@ihcd.in.gov.

Anything related to reporting the IHCDOnline system should be sent to claims@ihcd.in.gov.

If grantee staff need to call talk to someone directly, please call the IHCD front desk to have their call directed to the NAP Program Manager: 317-232-7777

Section 200: What is NAP?

The Neighborhood Assistance Program (“NAP”) is a program of the State of Indiana, created by Indiana Code 6-3.1-9, which also authorizes IHCD to administer the program. The purpose of the program is to encourage individuals and businesses to make donations to approved non-profits with projects that improve distressed neighborhoods and the lives of families that live there.

This program allocates state tax credits to eligible non-profit organizations that apply for credits once a year in the spring. If an organization is approved by IHCD, it is awarded a set amount of tax credits, which are then provided to individuals or businesses who donate to the organization. The funding raised from that exchange goes towards the non-profit organization’s programs and services outlined in their NAP application.

Donors that receive state tax credits from an eligible non-profit organization may receive a reduction of their Indiana income tax liability valued at 50% of the amount of their donation. That means that if they donate \$200 and receive tax credits for their full donation, they can receive a \$100 tax credit, which is applied against their Indiana state tax liability (not their federal tax liability). That tax credit is applied when they file their next State tax returns.

IHCD may offer up to a total of \$2.5 million in State tax credits each State fiscal year for distribution to 501 (c)3 not-for-profit organizations across Indiana. The State fiscal year runs from July 1 to June 30.

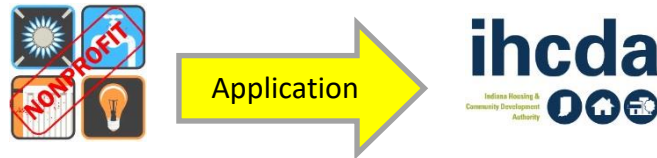
Section 300: How NAP Works

NAP is administered by IHCD, in partnership with the Indiana Department of Revenue (“IDOR”). At its simplest, IHCD allocates NAP tax credits to eligible organizations, organizations distribute tax credits to donors based on contributions received, and then report back to IHCD about the donations they received in exchange for tax credits. IHCD then forwards that information to IDOR, which then manages the administration of the tax credits to the donors included in the report.

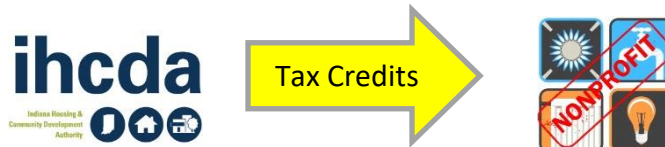
Section 301 Program Cycle

1. IHCD normally posts applications for organizations that want access to NAP credits for their fundraising each March or April. The application is hosted on the Jotform system, and only online applications are accepted. Each year the link to the application will be posted on IHCD’s [NAP webpage](#), and a notice will go out on the NAP Listserv. Interested organizations are responsible for becoming familiar with the application time period, for checking IHCD’s website for updates and for subscribing to the NAP listserv

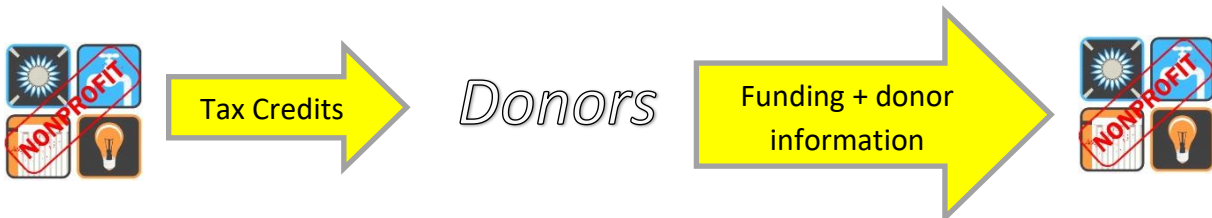
[here](#) (submit email address, then choose NAP and any other relevant subscription types).



- The application will generally be open for three weeks for agencies to complete; a formal deadline will be posted to IHCDa's website once the application goes live, as well as at the top of the application. Once the deadline has passed, IHCDa staff will begin review of applications, focusing on the eligibility of non-profit organizations and their proposed programs or projects.



- Approved organizations will be announced by the end of June via email directly to those organizations as well as in a post on the NAP webpage. Approved organizations will then be sent an award agreement and be given a deadline by which the agreement must be signed. That deadline is generally set for just before the July 1 program year start date.



- Once the NAP agreement is signed and the program year starts on July 1, organizations can begin providing their NAP tax credits to donors in exchange for ; 60% must be distributed by December 31st, and 100% by March 31st. As a part of that process, organizations must provide donors with confirmation of their contribution and their NAP tax credit for tax purposes. That information allows the donor to claim the contribution and receive the tax credit when filing taxes. Confirmation to the donor should be provided by the organization with a copy of the Donor Contribution Form and whatever other form of confirmation the organization normally provides to donors.



5. Over the course of the program year, the organizations must prepare three reports for submission to IHCDa. The first two are benchmark reports that include all relevant information pertaining to donors who purchased NAP tax credits. IHCDa uses those reports to ensure the 60% and 100% benchmarks are being met, and to provide donor information to DOR at tax time. The final report is a close-out report due in the fall, after the program year ends; it summarizes how organizations used funds from the tax credits.



6. As donors file their tax returns and claim their tax credits, IDOR will compare the information included in the donor's tax documents to the donor report submitted by IHCDa to determine the eligibility of the donor to receive the tax credit.

Section 302 Program Timeline

NAP is a one-year program. Awards will be made in June, and credits must be distributed to donors between July 1, 2020 and June 4, 2021. The funding from those credits must be spent by September 15th, 2021, and a close-out report will be due on September 27th, 2021. However, it should be noted that **in order to maintain eligibility for next round of NAP credits, 60% of allocated credits must be distributed by December 31, 2020, and all allocated credits must be distributed by March 31, 2021.**

NAP follows the State of Indiana fiscal schedule, which begins on July 1 and ends on June 30. However, IDOR, coordinating with the Internal Revenue Service, has established a tax year that corresponds with the calendar year. This is why IHCDa requires a benchmark report in early January – to report all prior year donations in time for the tax season.

Applications Open	April 13, 2020
Applications Close	May 4, 2020

Awards Announced	June 1, 2020
Contracts Issued by	June 15, 2020
Returned Contracts Due	June 29, 2020
Start Distributing Credits	July 1, 2020
Last Day to Distribute Credits for 60% Benchmark	December 31, 2020
60% Benchmark Report Due	January 18, 2021
Last Day to Distribute Credits for 100% Benchmark	March 31, 2021
100% Benchmark Report Due	April 19, 2021
Last Day to Distribute 2020 Credits if Previous Benchmarks were Missed.	June 7, 2021
Expenditure Close Out Report Due	September 27, 2021

Section 400 Eligibility Requirements

To be eligible for NAP credits, an applicant must:

- 1) Be an Indiana Non-Profit organization in good standing with the Indiana Secretary of State. (<https://bsd.sos.in.gov/publicbusinesssearch>)
- 2) Have received a ruling from the U.S. Internal Revenue Service of the United States Department of the Treasury under Internal Revenue Code 501(c)3
- 3) Have received a ruling of tax exemption from the Indiana Department of Revenue under IC 6-2.5-5-21.
- 4) Agree not to use funds raised from distributing NAP to support inherently religious activities such as worship, religious instruction or promoting religious beliefs as a part of program services. If an organization conducts religious activities, the activities must be offered separately in another time or location from the program supported by NAP funds. Clients

must not be discriminated against based on religious belief or be required to attend or participate in religious activities to receive NAP-funded services.

- 5) Have met the benchmark reporting requirements from the last NAP round (if the applicant participated in the last NAP round); in this case, the 2019-2020 round. This means that the applicant must have distributed 60% of their credits by December 31st, 100% of their credits by March 31st, and met reporting deadlines for both.
- 6) Have met the last closeout reporting deadline, if the applicant received NAP credits two program rounds ago; in this case, the 2018-2019 program round, which had a September 2019 closeout report deadline.
- 7) Provide one of the following services:
 - a) Neighborhood assistance (A) in the form of financial assistance, labor, material, and technical advice to aid in the physical or economic improvement of any part or all of an economically disadvantaged area*.
 - b) Neighborhood assistance (B) in the form of technical assistance to promote higher employment in any neighborhood in Indiana
 - c) Job training that provides individuals in economically disadvantaged households** or economically disadvantaged areas with vocation skills so that the individual can become employable or be able to seek a higher grade of employment
 - d) Education, in the form of scholastic instruction or scholarship assistance to individuals residing in an economically disadvantaged area*, which enables those individuals to prepare for better life opportunities.
 - e) Counseling and advice in an economically disadvantaged area*
 - f) Emergency assistance in an economically disadvantaged area*
 - g) Medical care in economically disadvantaged area*
 - h) Development and/or management of recreational facilities in an economically disadvantaged area*
 - i) Development and/or management of housing facilities in an economically disadvantaged area*
 - j) Economic development assistance in an economically disadvantaged area*

- k) Crime prevention or reduction (A) activities in an economically disadvantaged area*
- l) Crime prevention or reduction (B) activities in economically disadvantaged households**
- m) Community services, education, or job training services to individuals who are “returning citizens” who have completed criminal sentences or are serving a term of probation or parole

* "Economically disadvantaged area" means an enterprise zone, opportunity zone, qualified census tract, or any other federally or locally designated economically disadvantaged area in Indiana. If an organization applies with a service that includes “economically disadvantaged area” in the service definition, they will need to name the specific area they are providing services in and what type of area it is; if it is a type other than the first three listed here, it will need to be approved prior to submitting the application.

**"Economically disadvantaged household" means a household with an annual income that is at or below eighty percent (80%) of the area median income or any other federally designated target population, such as households at or below 125% of the federal poverty guidelines. If an organization applies with a service that includes “economically disadvantaged household” in the definition, they will need to specify which population they target with their services and how they verify income.

Section 401 Eligibility Documentation

If selected for NAP Credits, organizations should be prepared to keep supporting documentation on the following as proof of their eligibility:

Income Documentation

If an organization is performing an eligible activity for economically disadvantaged households, the organization must retain income documentation demonstrating that the beneficiaries meet the qualifications of an economically disadvantaged household.

Economically Disadvantaged Area

If an organization is performing an eligible activity in an Economically Disadvantaged Area, such as an Enterprise Zone, the organization must retain documentation demonstrating that the location of their activities is in-fact an Enterprise Zone.

Section 500: Application Process

- When:** Applications will be opened in March or April to organizations that provide eligible community services. **Organizations seeking to apply for NAP credits cannot rely upon receiving a notification directly from IHCD staff regarding the opening of the NAP application period.** Organizations are responsible for becoming familiar with the time period that the NAP application is released, checking IHCD's [website](#) for updates, and [subscribing](#) to the Neighborhood Assistance Program Updates and Notices newsletter. **IHCD will NOT accept late applications.**
- Where:** The link to the application will be posted to the IHCD website along with an IHCD notice to the NAP listserv. **Only online applications will be accepted.**
- Who:** An appointed representative of an applying organization should execute the application. This may be the Executive Director, the CEO, the Treasurer, CFO, a member of the Board of Directors, or a staff person, contractor or volunteer with delegated authority from any of the above. **A person completing the application can represent more than one organization.**
- What:** The application will include information about the organization, its programming, and overall eligibility. **Only one application per organization is permitted.** The contact information provided in the application is what IHCD staff will use to stay in contact with applicants, so it is important that it be correct and up to date. **Any changes in contact information after the application is submitted should be sent to nap@ihcd.in.gov.**

The Chief Executive Officer and program contact for each organization will receive an email confirmation that contains a copy of the application that it has submitted to IHCD. If the applicant submits inaccurate information or fails to complete the application, the applicant must use the link provided in the email confirmation to update their application. No late submissions or updates submitted after the due date will be accepted. If an agency does not receive a copy of the NAP application, they should email nap@ihcd.in.gov to confirm their application was correctly submitted, and if so, ask for a copy of that application.

Section 501 Restrictions on Tax Credit Requests

An organization that **has participated** in the Neighborhood Assistance Program in any of the three (3) preceding years may apply for a maximum of \$25,000 in NAP tax credits. \$25,000 of distributed credits means \$50,000 in donations.

An organization that **has not participated** in the Neighborhood Assistance Program in any of the three (3) preceding years may only apply for a maximum of \$5,000 in NAP tax credits. \$5,000 in distributed credits means \$10,000 in donations.

An organization must apply for a **minimum of \$1,000** in NAP tax credits. \$1,000 distributed credits means \$2,000 in donations.

If an organization applies for an amount greater than that allowed by policy, the request in the application will default to the maximum amount allowed under the allocation method discussed below.

Organizations should also note that if they are unable to distribute 60% of their credits by December 31st and 100% of their credits by March 31st, they lose eligibility for the next award round. This should be kept in mind when deciding the requested amount of credits in the application.

Section 502 Application Appeals Policy

An organization that objects to or wishes to appeal an eligibility decision may submit an appeal to the Community Programs Manager, CSBG, IDA, NAP. Appeals must be in writing and addressed and delivered to IHCD's Community Programs Manager for NAP within ten (10) business days of the Authority's written notice of the eligibility decision.

Appeals should be addressed to:

**Indiana Housing and Community Development Authority
Attn: Community Programs Manager, CSBG, IDA, NAP
30 South Meridian Street, Suite 900
Indianapolis, IN 46204**

The appeal must include the stated reasons for the organization's objection to the eligibility decision, and reasons must be based solely upon evidence supporting one (1) of the following circumstances:

1. Clear and substantial error or misstated facts which were relied on in making the decision being challenged;
2. Unfair competition or conflict of interest in the decision-making process;
3. An illegal, unethical or improper act; or
4. Extreme mitigating circumstances

The organization will receive written acknowledgement of receipt of the appeal within five (5) business days of its receipt, noting the day the appeal was received. The Community Programs Manager will have ten (10) business days from IHCD's receipt of the written request for appeal to review the file and make a determination.

If the organization is unsatisfied with the Community Programs Manager's decision, the organization may make a final appeal to the Community Programs Director. Appeals must be in writing and addressed and delivered to IHCD's Community Programs Director within ten (10) business days of the agency's receipt of the Community Programs Manager's decision.

The organization will receive written acknowledgement of receipt of the appeal within five (5) business days of its receipt, noting the day the appeal was received. The Community Programs Director will have thirty (30) business days from IHCD's receipt of the written request for appeal to review the file and make a determination. The Community Program Director's decision is final.

Section 503 Allocation Method

IHCD allocates NAP tax credits on a non-competitive, formula basis. All organizations that pass eligibility review receive a tax credit allocation. The amount of the tax credit allocation is calculated based on the following formula:

$$\left(\frac{\text{Total Available Credits}}{\text{Total Requested Credits}} \right) = \text{Allocation Percentage} \times \text{Applicant Requested Credits} = \text{Award Amount}$$

According to this formula, the total of all credits requested by all applying organizations is divided by the total available credits (\$2,500,000). This results in the Allocation Percentage. This allocation percentage is then multiplied by the amount requested by each individual organization to determine an individual award amount.

For example: In 2019, 273 organizations requested a total of \$8,709,686. The total NAP budget was \$2,500,000 in tax credits. For an organization who applied for the maximum allocation (\$40,000 at the time), the equation would look like this:

$$\left(\frac{\$2,500,000}{\$8,709,586} \right) = 28.70\% \times \$40,000 = \$11,480$$

So the organization would receive an allocation of \$11,480, allowing them to raise \$22,960 in contributions.

Section 600: Tax Credit Award

Award announcements will be made by 5:00PM Eastern Time on June 1, 2020.

The awards will be posted to IHCDAs website and an official notice will be sent to the NAP Listerv.

Award agreements will be distributed electronically (via email) by June 15th, 2020. The agreement will be emailed to the awardee's executive director to e-sign.

The award agreement must be e-signed by 5:00PM Eastern Time on June 29th, 2020.

If IHCDAs does not receive the e-signed award agreement by that deadline, the organization will lose the credits it was awarded for the current program year. The organization will receive a letter via email indicating that the documents were not executed and submitted in a timely manner and the award was de-allocated.

NAP tax credits may not be distributed until the award agreement is e-signed and the organization receives a final copy of the agreement, with IHCDAs signatures, via email. **Even if the agreement is e-signed prior to July 1, the organization must still wait until July 1 to begin distributing the NAP tax credits.**

If this is the first time an organization is participating in the NAP program, it must register in IHCDASOnline in order to fulfill the reporting requirements. Please see the "NAP Reporting Instructions" resource for more information on that process.

Section 601 Award Agreement

NAP Award Agreement spells out terms relevant to the operation and oversight of NAP tax credits, which both IHCDAs and the awarded non-profit organization will be held to. An attachment to the award agreement will also state the value of the NAP tax credits awarded and important terms for awardees to be aware of, such as the benchmark reports.

Section 602 Possible Withdrawal from NAP

An organization can withdraw from NAP at any time. If the organization chooses not to participate or it withdraws after signing its agreement, it must contact and make the Community Programs Manager aware of its decision to withdraw **before July 1, 2020** or else it will lose its eligibility to receive NAP tax credits in the following NAP cycle. If it signs its agreement and withdraws after July 1, 2020, the organization will not be eligible to receive NAP tax credits in the 2021-2022 NAP cycle.

If an organization does not sign its agreement, it is automatically considered withdrawn from the 2020 program cycle and loses access to its 2020-2021 credits but keeps its eligibility for the 2021-2022 program cycle.

Section 700: Distributing Tax Credits

Once an organization has a finalized NAP award agreement and the program year has begun on July 1, the organization can focus on distributing its allotment of NAP Tax Credits. Each donation should have a corresponding Donor Contribution Form completed for organizations and donors to reference for reporting and tax filing purposes.

Section 701: Eligible Donors

Organizations that have received an allocation of NAP Tax Credits may distribute those tax credits to individuals, couples or business corporations with an Indiana tax liability. **Charitable organizations and foundations are not eligible donors.**

Section 701a Organizations or Corporations

Organizations and corporations are welcome to make NAP tax credit-eligible contributions. However, additional steps or information are required when reporting these contributions:

1. If an organization or corporation wishes to claim the credits itself, the organization/corporation's information (including total donation amount) should be entered into the Donor Contribution Form. At tax time, the organization will then claim the tax credit. The organization's owner or stockholders must NOT claim the tax credits on their individual/personal tax returns.
2. If an organization or corporation wishes to distribute the credits to its members or shareholders, then the value of the credits must be divided appropriately, and each division must be listed as a separate contribution in the Donor Contribution Form from the individual who will be claiming the credits. Ex: If Organization Z is splitting \$1,000 credits, from a \$2,000 donation, between 10 stockholders, each stockholder must receive a Donor Contribution Form with a \$200 donation.

Section 701b Families or Couples

If a couple files a joint tax return, then only the name and information of the Head of Household should be reported on the Donor Contribution Form.

If a couple files separately, only one person may claim the tax credit and so only their information should be provided on the Donor Contribution Form.

If a couple makes a single contribution, files separately, and wishes to divide their credits, then each individual should receive a Donor Contribution Form, with the donation divided appropriately between them.

Section 701c Donor Advised Funds

Credits in exchange for donations from donor advised funds (DAFs) are allowed, but whether the donor(s) or the DAF itself can claim the credit is determined by the following questions:

1. Is the person seeking to claim the credit the actual donor (or one of the actual donors) to the DAF?
 - a. If yes, go to 2.
 - b. If no, no credit is permitted except to the DAF itself.
2. Is the amount donated in excess of the individual's contribution to the DAF?
 - a. If yes, the maximum credit is the contribution less any prior distributions from the DAF by the donor. Go to 3.
 - b. If no, then go to 3.
3. Is the contribution from funds donated to the DAF prior to August 28, 2018?
 - a. For purposes of this, treat distributions as first-in, first-out.
 - b. If yes, then the credit is allowable.
 - c. If no, then go to 4.
 - d. If the answer is partially yes and partially no, then yes to the pre-2018 portion and go to 4 for the post-2017 portion.
4. For contributions to the DAF on August 28, 2018 and later, did the taxpayer comply with federal regulations under Section 170 and other federal provisions when the taxpayer can receive a benefit from a contribution?
 - a. If yes, permit the credit.
 - b. If no, deny the credit to the donor and allow for the DAF itself.

Section 701d Donation Examples Based on Donor Type

Sherlock Holmes purchases \$100 in NAP credits (a \$200 contribution), which he intends to claim on his Indiana State Tax Return.	Sherlock Holmes should be reported as the donor to IHCD.
Moriarty Consulting, LLC buys \$1000 in NAP credits (a \$2000 contribution) to offset their Indiana Corporate Tax Liability.	Moriarty Consulting, LLC should be reported as the donor to IHCD.
Mary and John Watson purchase \$250 in NAP credits (a \$500 contribution.) They intend to file jointly.	Only the head of household (John, in this case) should be reported as the donor to IHCD.

Baker Street Property Management, LP purchases \$1000 in NAP credits (a \$2000 contribution) which they intend to distribute to their five board members, who will each claim them individually.	Each of the Board Member's information must be collected and reported to IHCD. Each board member should be reported as an individual donor with a \$400 contribution.
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Section 702 Eligible Contributions

Eligible contributions include:

1. Cash
2. Check
3. Credit Card
4. Stock (that has been sold)
5. Donations designated to the recipient through United Way
6. In-Kind Donations (limited to building materials)
7. Property Donations (that will be used for or pertains to current NAP activity)

Section 702a Multiple Donations

If a donor makes several individual contributions to an organization that are eligible to NAP tax credits, each donation should receive a Donor Contribution Form. But when those amounts are reported to IHCD, they should be reported as a single donation using the total combined value of the donations and the date of the final contribution.

Section 702b Rounding

In the event that a donation must be rounded, it must be rounded up to the nearest cent and reported accordingly.

Section 702c Stock

Stock must be sold in order to be eligible for NAP tax credits. Due to all stock being sold, the contribution type for stock should also be shown as "cash." The contribution amount that should be used for a stock donation is the amount of funds that the organization actually receives (the value of the stock at the time it was sold minus transaction fees and administration fees.)

Section 702d United Way Designations

Donations made to the recipient via United Way designations are eligible for NAP tax credits. It is vital that this transaction is documented accurately in the organization's records. The contribution amount that should be used to determine the NAP credit is the amount of funds that the organization actually receives after United Way subtracts any administrative or processing fees. Therefore, the donation amount is almost never exactly 50% of what the donor has contributed. The contribution type should be shown as "cash."

Section 702e In-Kind Donations

In-kind donations are limited to building materials that are to be utilized on the recipient's NAP activity. **Services (sweat equity), supplies, and equipment are not eligible in-kind donations.** Building materials must be valued at the cost to the donor, not the retail cost. The contribution type should be shown as "property." In addition, an organization cannot exchange NAP tax credits for rental payments or other assistance.

Section 702f Property

Donated property is eligible for NAP tax credits, but must be used for or pertain to the current NAP activity. The value of the property should be obtained by using the current appraisal. Organizations must enter into and keep a copy of the deed conveying the property to them. The contribution type should be shown as "property." The amount of the contribution that applies to the NAP project (the value of the property donated) is the amount that should be entered on the electronic reports. The organization, receiving the donation, should keep documentation of this transaction for their records in the form of a receipt, a thank you letter, or other relevant documents.

Section 702g Membership Dues

Dues or fees associated with membership into an organization are not eligible to receive NAP tax credits.

Section 702h When Donations are Larger than Available Credits

Sometimes, the NAP credits that an organization has available are smaller than a donor and their donation could receive. In those cases, the organization can still accept the full donation, but the amount on the Donor Contribution Form should only reflect the amount that will be eligible for a NAP Tax Credit.

For example:

- Organization Y has \$1,000 in NAP Tax credits left, which means only up to \$2,000 in donations would be eligible for a NAP tax credit.
- Organization Y has a Donor who wants to donate \$5,000.
- Organization Y can accept the full \$5,000 donation but must let the donor know that only \$2,000 of the donation would be eligible for NAP tax credits.
- The \$2,000 would result in the Donor getting a \$1,000 Tax credit to the donor.
- On the Donor Contribution Form, only the NAP-eligible portion of the donation should be written; in this example, that would be \$2,000, not \$5,000.

Section 702i Maximum Contribution

An individual contribution to an organization, as reported to IHCD for the purpose of NAP, may not exceed 200% of the total value of credits allocated to the organization during a program year. In other words, an organization must not promise a donor more NAP Tax Credits

then they were allocated by IHCD. **The sale of tax credits above and beyond the allocated amount to an organization will not be honored by IHCD or the IDOR.**

A donor may only claim up to \$25,000 in total tax credits each calendar year. The offset nature of the tax schedule (January – December) and the NAP cycle (July – June) makes it quite possible for a single donor to purchase far more than the statutory limit in a single tax/calendar year. It is recommended that donors who make significant purchases of tax credits be advised of this statutory limit. **Credits purchased in excess of this \$25,000 limit will not be redeemable**, even if they are purchased between two different program years or from multiple organizations.

Section 702j Minimum Contribution

An individual's reported contribution must be no less than \$100*, in exchange for a minimum tax credit of \$50. If an individual donor makes several small contributions in the same calendar year that total an amount greater than \$100, they should be reported as a single contribution using the date of the final contribution.

**Exception: In the event that an organization has less than \$50 of tax credits remaining, then and only then will a donation of less than \$100 be accepted.*

Section 800: Documentation Requirements

Organizations must recognize donations with a copy of the **Donor Contribution Form**; donors should receive a copy of that form while the organization keeps a copy for the NAP records. Organizations may also use any additional donation recognition forms, such as the NAP Donor Acknowledgement Form or a traditional thank you letter; these should be used in addition to the Donor Contribution Form, which is required.

Typically, IHCD does not require that supporting documentation be submitted along with the reports. However, IHCD does reserve the right to perform oversight and monitoring on an organization's donation records pertinent to NAP pursuant to IRS Publication 1771.

Section 801 Records that Should be Kept

In addition to Donor Contribution Forms, organizations should keep the following documentation, based on donation type:

Cash or Credit Card Donations	Receipt copies (or letters)
Checks	Copies of the checks

Stock Donations	Copies of stock transaction reports/pages and thank you letters
United Way Designations	Copies of donor designation, documentation of receipt of donation, and/or employer paystubs from the donors
In-Kind Donations	Receipts showing the building material value, and receipts or thank you letters detailing the donation
Property Donations	Copy of the deed, current appraisal, and receipt

Section 802 Determining Contribution Dates

The date of a donation must be identified on the Donor Contribution Form and when reporting the donation to IHCD (and ultimately to IDOR). Please use the following guidelines when identifying the date of donation:

1. **Cash, Credit/Debit Card** – the day the organization receives cash or the transaction is conducted
2. **Check** – the date shown on the check
3. **Stock** – the date the organization actually receives funds into their account (often times this is called the “settlement date”)
4. **United Way Designations** – the date that the donor contributed funds (often times this is the date of the withdrawal from the donor’s paycheck or the date the donor gave funding to United Way)
5. **In-kind** – the date the organization receives the building materials
6. **Property** – the date the deed that transfers the property to organization is executed, the deed must also be recorded.
7. **Multiple Contributions** – Please list only the last contribution date for multiple contributions.
8. **CrowdFunding sites (GoFundMe, Kickstarter, YouCaring)** - Contributions should be recorded as having been made on the date the transaction was completed by the donor.

Remember, if a donor makes multiple donations, when reporting the donations to IHCD, the donation amounts should be combined and the date used for should be from the last donation made.

Section 900: NAP Reports to IHCD

There are three (3) reports due to IHCD in the course of a NAP cycle. In the upcoming program cycle, those reports are:

<u>Report</u>	<u>Reporting Portal</u>	<u>Due Date</u>
60% Benchmark Report	Online.ihcda.in.gov	Due 5:00pm Eastern Time January 18, 2021
100% Benchmark Report	Online.ihcda.in.gov	Due 5:00pm Eastern Time April 19, 2021
Expenditure Close-Out Report	Jotform-link received via email and posted on the website	Due 5:00pm Eastern Time September 27, 2021

The website for the benchmark reports can be found at online.ihcda.in.gov. IHCD A has created a resource called “NAP Reporting Instructions” to help agencies navigate the benchmark reporting system; the resource is available on IHCD A’s website. If, after reviewing that resource, an organization has log-in or other benchmark reporting problems in IHCD AOnline, please email claims@ihcda.in.gov and communicate the problem. The NAP Program Staff will not be able to assist with IHCD AOnline problems since they have limited access to that system.

Any issues with the Closeout report in Jotform should be sent to NAP@ihcda.in.gov.

Section 901 Registering on IHCD AOnline and Organization Code

First-time users will need to register for an account; please see the “Partner’s Guide to IHCD AOnline” for in-depth instructions on how to do so.

For organizations who have never received funding from IHCD A, as the NAP Primary Contact registers for an IHCD AOnline account, they will need register their organization at the same time. Once that’s done, they will need to email claims@ihcda.in.gov to request an organization code and to ensure their organization is properly set-up in IHCD AOnline.

Organizations that have received IHCD A funding in the past (from NAP or any other program) should already have the organization registered in IHCD AOnline. New users at that organization will need to register for their own personal account, and then have their account connected to their organization’s files in IHCD AOnline. The way to do that is with the Organization Code. New users from returning organizations should ask their colleagues for the organization code; if no one at the agency knows the code, email claims@ihcda.in.gov and then keep the code in a shared, easily accessible document.

Section 902 Entering Donations for 60% and 100% Benchmark Reports

The first two reports due in the NAP program cycle are the 60% and 100% Benchmark reports. Both consist of information about donations made in exchange for NAP Tax Credits.

Organizations must submit a donor's name, SSN, address, date of donation and the amount they *donated* that is eligible for NAP Tax Credits; put simply, the amount entered should be 2x the amount of tax credits that is expected for that donor. If the donor made more than one donation to an organization, the organization should combine all of the amounts into one donation in the Benchmark Reports.

Examples of how donation amounts should be entered into Benchmark Reports:

- Donor A donated \$4,000 to Organization 1. Organization 1 enters \$4,000 as the amount in IHCDOnline.
- Donor B donated \$200 to Organization 2, in September, then another \$400 to Organization 2 in December. Organization 2 enters \$600 in IHCDOnline.
- Donor C donated \$60,000 to Organization 3. Only \$50,000 is eligible for NAP credits, so Organization 3 only enters \$50,000 into IHCDOnline.
- Donor D donated \$10,000 to Organization 4, but Organization 4 only has \$2,000 left in available credits. Organization 4 reports \$4,000 in IHCDOnline.

In terms of which report to enter a donation into:

- Donations made in exchange for tax credits between July 1 and December 31 **MUST** be reported on the 60% Benchmark (First Half) Report.
- Donations made in exchange for tax credits between January 1 and March 31 **MUST** be reported on the 100% Benchmark (Second Half) Report.
 - Even if an organization doesn't submit its First-Half report until January 10th, a donation made on January 3rd is not eligible to be included in the 60% Benchmark Report; it must be included in the 100% Benchmark report.

Reports may be turned in ahead of the due dates. All reports must be received by 5:00 p.m. Eastern Time on the due date, otherwise they are considered late and the organization will lose eligibility for the next funding round and may have any unused credits deallocated.

HOWEVER, once a report is submitted, the organization cannot edit the benchmark report unless an IHCD staff person manually reopens it in the system. Therefore, it is extremely important that all information in a submitted report be correct.

Section 903 60% Benchmark (First Half) Report

The 60% Benchmark Report is the first report of the NAP cycle and is due six (6) months after the award date. It includes all donations received between July 1 and December 31. This report is electronic and is submitted via IHCDOnline.

This report must reflect a sale of a minimum of 60% of the organization's total tax credit allocation. **If an organization fails to distribute at least 60% of its allocation, it will lose eligibility for the next cycle of NAP credits.** Its remaining credits may also be deallocated, at the discretion of IHCD.

The report is due at 5:00pm Eastern Time on January 18th, 2021. Any late reports, or incomplete reports that show less than 60% of credits distributed will lead to loss of eligibility for the next program round.

The 60% benchmark report can be submitted before December 31st, but this should only be done if an organization has distributed ALL (100%) of its credits by then. If credits are distributed after the 60% benchmark report is submitted but before December 31, it's difficult to capture those donations in the 60% report and it puts donors' credits at risk for their taxes.

On January 19th, IHCD will email all organizations that missed their 60% benchmark and allow them to submit any donations they missed in their original submission, or to submit the report in-full if no report was ever submitted. **Organizations have until 5:00pm Eastern Time on January 22nd to submit additional donor information if they failed to include something in their original report or did not submit a report at all.** This does *not* mean that organizations are made eligible for 2021-2022 credits. This extra time to submit is *only* to honor donor's credits.

The 60% benchmark report can be submitted before December 31st, 2020, but this should only be done if an organization has distributed ALL (100%) of its credits by then. If the report is submitted before then and the organization has remaining credits, if they are distributed between the report submission and December 31st, it will be difficult for those donors to claim those credits.

Starting with the 1st Week of December, IHCD will post a weekly list of agencies who have reached their 60% Benchmark. The list will be located on the NAP web page under the 60% Benchmark Report Heading. Please do NOT email claims@ihcda.in.gov questions about this list; email ida@ihcda.in.gov.

Section 904 100% Benchmark (Second Half) Report

100% Benchmark Report includes all donations received between January 1 and March 31 and is due roughly nine (9) months from the award date. This report must reflect the sale of 100% of the organization's total credit allocation. **If an organization fails to distribute 100% of its**

allocation, it will lose eligibility for the next cycle NAP credits. The organization will be able to distribute its remaining credits until June 5, 2020.

The report is due at 5:00pm Eastern Time on April 19th, 2021. On April 20th, IHCDa will email all organizations that missed their 100% benchmark and allow them to submit any donations they missed in their original submission, or to submit the report in-full if no report was ever submitted. Organizations have until 5:00pm Eastern Time on April 22nd to submit their donor information. **This does *not* mean that those organizations are made eligible for 2021-2022 credits.** This extra time to submit is only to honor donor's credits.

The only time when the 100% Benchmark report is NOT required is if an organization distributed all of its credits by December 31st, reported those in the 60% Benchmark report, and hasn't received additional credits.

Starting with the 1st Week of March, IHCDa will post a weekly list of agencies who have reached their 100% Benchmark. The list will be located on the NAP web page under the 100% Benchmark Report Heading. Please do NOT email claims@ihcda.in.gov questions about this list; email IDA@ihcda.in.gov.

Section 905 Expenditure Close-Out Report

The final 2020 Close-Out Report is due at 5:00pm Eastern Time on September 27th, 2021. This report reflects how an organization used the funds it raised from NAP credits. This is a **REQUIRED** part of the process, even though it falls outside the program year.

The report is specifically for funds raised from distributing tax credits. If an agency was awarded and distributed \$10,000 in NAP tax credits, that agency **MUST** report on the \$20,000 raised from those tax credits and confirm that those funds were spent on the project included in the agency's original application. Reporting only on \$10,000 would be insufficient.

Some donors may contribute more than necessary in order to receive their credits. If a donor contributes \$22,000 but receives \$10,000 in credits, the agency should report on the \$20,000 "NAP Eligible" donation. The additional \$2,000 was not required for the credits, and so is not subject to NAP rules, including the requirement that funds be spent only on the project approved in the application; since those additional funds can be spent elsewhere, they should not be included in the report questions about funds raised from distributing tax credits.

The report will be completed through the Jotform system used for applications. Grantees will be emailed a link to complete the report in Jotform several weeks before the report is due and can also find the link on IHCDa's website, usually around the same time that the 100% Benchmark report is due. **Late reports will result in loss of eligibility in the 2022-2023 NAP cycle.**

On October 1st, 2021, IHCDa will email organizations that have not submitted their reports. Late reports will continue to be accepted, although those organizations have lost eligibility for the 2021-2022 NAP cycle. **Organizations that do not submit any closeout report will lose eligibility for three (3) program cycles: 2022-2023, 2023-2024, and 2024-2025.**

Section 906 Department of Revenue Requirements

It is absolutely vital that all benchmark reports reflect the information that will be provided on the donor's tax return. IDOR relies on these reports to verify a tax filer's (donor) eligibility to use the NAP tax credits.

If the information reported to IHCDa does not match the information provided on the donor's tax return documents, then IDOR will deny the donor's tax credit.

If you have any tax related questions, please submit those questions by December 31, 2020. IHCDa submits all tax related questions to IDOR, and their responses from can take a few weeks. Therefore, please do not wait until the day of submission to ask tax related questions.

Section 907 Technical Difficulties

Although IHCDa has put great effort and resources into ensuring the most reliable technology is available to our NAP participants, we understand that issues may arise. If technical issues prevent an NAP organization from submitting the necessary reports by the required dates, please contact IHCDa at nap@ihcda.in.gov BEFORE any reporting deadlines. If the difficulty relates to online.ihcda.in.gov, make sure to email claims@ihcda.in.gov as well.

Please do not wait until the last day to access your report. **If you wait until the last day to access your report and find that you do not have access due to technical issues, this does not guarantee you're your organization will be excused for a late submission.**

Section 908 De-allocation

If an organization fails to distribute 60% of their NAP tax credits in the required time period, or otherwise fails to comply with the requirements of the program, then the remaining credits **may** be de-allocated from the organization and re-allocated to other eligible organizations.

On the day following the 60% Benchmark Report due date, IHCDa will generate the report and identify organizations which have failed to meet the benchmark of 60% or have not submitted reports at all. Those organizations with delinquent reports will be contacted and permitted to submit their donor information within one week, to ensure that their donors receive their NAP tax credits and that the benchmark was met (NOT to keep their eligibility).

If IHCDCA decides to move forward with Deallocation, those organizations that were identified as having missed their 60% Benchmark the day after it was due will have their remaining unused credits deallocated. They will be notified of their deallocation via email and a letter stating that their original award has been reduced. This is true even if an organization updates its report to show they did distribute 60% or more of their allocation; the late report keeps them eligible for deallocation.

IHCDCA will announce whether or not it is moving forward with deallocation and reallocation by January 24th, 2021.

Section 909 Re-allocation

There is no guarantee of the availability of re-allocated NAP tax credits in. However, the NAP program has allowed the re-allocation of undistributed NAP tax credits, where necessary.

On the Tuesday following the 60% Report due date, IHCDCA will generate the report and identify organizations who have met the benchmark of 60% and have submitted reports on time. Those that have not met their benchmark, or who only did so after submitting a late report, will be subject to deallocation.

To be eligible for a reallocation of NAP tax credits, an organization must distribute 100% of its allocation by December 31st. Organizations that have distributed 100% of their allocation and submitted the 60% Benchmark Report on time will be eligible for additional NAP tax credits and will be contacted about receiving additional NAP tax credits. These organizations will be informed of the amount of NAP tax credits available to them and a survey will also be given a time period to confirm/accept the additional NAP tax credits.

Re-allocated tax credits will be divided in equal portions to eligible organizations and are held to the same requirements as other NAP tax credits. **If an organization receives additional NAP tax credits, then these new NAP tax credits must be distributed by March 31, in order to keep eligibility for the next round of NAP credits.** These organizations will also receive an amended grant agreement to reflect an increase in the NAP tax credit award amount.

Organizations should not take additional credits if they are unable to distribute the credits by March 31. A re-allocation will require the submission of a new 100% Benchmark Report, indicating that all credits were distributed by March 31.

IHCDCA will announce whether or not it is moving forward with deallocation and reallocation by January 24th, 2021.

Section 1000: Monitoring Policy

On-Site Review

IHCDA may, at the discretion of staff, elect to conduct an on-site review to ensure the appropriate discharge of NAP tax credits and to ensure that the activity fulfills goals and purposes outlined in the organization's initial NAP application.

Program File Audit

IHCDA may, at the discretion of staff, elect to perform a file/documentation audit either in conjunction with an on-site review, or by requesting documents be submitted to IHCDA within a reasonable period of time. This audit will ensure that organizations are maintaining proper records in accordance with NAP policies and to verify the authenticity of submitted reports.

Income Documentation

If an organization is performing an eligible activity for an economically disadvantaged household, the organization must retain income documentation demonstrating that the beneficiaries meet the qualifications of an economically disadvantaged household.

Economically Disadvantaged Area

If an organization is performing an eligible activity in an Economically Disadvantaged Area, such as an Enterprise Zone, the organization must retain documentation demonstrating the location of their activities is in-fact an Enterprise Zone.

Non-Compliance

Failure to comply with NAP regulations and policies as established by this manual or Indiana Code may result in a de-allocation of awarded credits, ineligibility in the following NAP cycle(s), and/or further penalties at the discretion of IHCDA and as outlined in the award agreement.

Section 1100: NAP Tax Credits and Tax Filings

Each January, IHCD must submit a Donor Contribution Report to the IDOR as documentation for donors who file the tax credits on their taxes. The report summarizes all contributions made for the previous calendar year (January 1-December 31). The report includes the following information:

1. Donor name (as recorded by the organization)
2. Donor Tax ID
3. Donor Address
4. Date of the Contribution
5. Amount of their Donation eligible for tax credits

The report is submitted in late January and uploaded by IDOR. As donors file their taxes, the donors will claim their tax credits. The claim is either accepted or rejected by IDOR.

Donors may only claim tax credits the tax return for the calendar year in which the associated donation was made. So, a donation made on January 1, 2021 with 2020 NAP credits will be reported on the donor's 2021 tax return.

Section 1101 A Rejected Tax Credit

If the tax credit is rejected, then IDOR will send the donor a letter indicating that the tax credit was rejected, and it is unable to file the credit with the tax return. Tax credits are rejected by IDOR often for one of the following reasons:

1. No contribution was included on the Donor Contribution Report, so IDOR did not receive any information about the donations to verify the donor's tax return.
2. The taxpayer information in the report to IDOR does not match the information on the donor's tax return.
3. The taxpayer has claimed more than maximum contribution amount of \$25,000.

Most often, the donor will call IDOR. IDOR will refer the donor to the organization that received the contribution or to IHCD. Reconciliation of most tax credit issues will reside with the organization that received the contribution or IHCD.

If the donor contacts IHCD, the Community Programs Analyst will review the Donor Contribution Report generated a week after the 60% Benchmark report to ensure that a contribution was submitted and that the report's information matches what the donor thinks should be submitted; that report will include information from the previous program round's 100% Benchmark report as well. If the information is correct on the Donor Contribution Report, then IHCD will work with IDOR to get the credit uploaded in the system.

IHCDA will refer the donor to the organization that received the contribution if the information on the report is missing or incorrect.

If the organization submitted the donor's credit, but a piece of information is incorrect, IHCDA will work with the organization to correct the information and resend it to IDOR. If the organization did not include a donor at all in their report, IHCDA will only accept donor additions up to a week after Benchmark Reports are due.

IT IS THE ORGANIZATION'S RESPONSIBILITY TO SUBMIT CORRECT DONOR AND DONATION INFORMATION.

Section 1102 How to Reconcile Tax Credit Issues

To begin the process, the organization must ensure that the donor's tax return matches the amount filed on the report. If the donor's contribution amount listed in its tax return differs from the organization's records, then the donor will need to work with IDOR to update the tax return. If the amount was listed incorrectly on the Donor Contribution Report, then the organization must work with IHCDA and IDOR to resolve.

Tax Credit Not Filed by the Organization:

If the NAP tax credit was denied because it was not included in the Donor Contribution Report, then the donor will be referred to the organization where the donation was made. If this happens more than a week of beyond when the relevant benchmark report was due to IHCDA, IHCDA will *not* accept information on a new donor.

To help avoid this issue, organizations should review their submitted benchmark reports several times before due dates and for a day or two afterwards.

Taxpayer Tax Return Does Not Match Report to IHCDA/IDOR:

A NAP tax credit may be rejected if the taxpayer information contained in the Donor Contribution Report does not match the information filed by the donor on his or her tax return. For example, Jane Doe donated \$200 to ABC Community Group with a tax identification number of 35-1263548. When the report was entered, Janetta R Doe was entered into the system with a tax identification number of 35-1263548 and a donation of \$200. The system will reject the information and require it to be corrected by the organization.

A tax credit may also be rejected if the amount of the credit filed on the tax return does not match the amount of the credit filed in the report. Jane Doe donated \$200 to ABC Community Group with a tax identification number of 35-1263548. When the report was entered, Jane Doe

was entered into the system with a tax identification number of 35-1263548 and a donation of \$100. The system will reject the credits because the donation amounts do not match. In this instance, the organization or donor will need to provide the right information to IDOR.

The donor must contact the organization to correct the donor information. The organization must verify that the donor's information matches what was submitted on the tax return. For example, the full name, tax identification number or social security number, and contribution amount must match.

The organization must confirm that the donation was made. The organization will need to upload the donor's updated information into online.ihcda.in.gov by first emailing nap@ihcda.in.gov and asking to have the relevant benchmark report opened. Once the donation information has been updated online, the organization must contact IHCD to notify it which information was incorrect in the original report and that the information was updated in online.ihcda.in.gov. IHCD will need to send an amended Donor Contribution Report to IDOR.

Exceeded Maximum Contribution Limit:

The taxpayer has claimed more than \$25,000 in tax credits. Anything over \$25,000 will not be honored by IDOR, so organizations should make very clear to the donors they work with that donors cannot claim more than \$25,000 in a single calendar year, even if it's between two different NAP program years.

Other Common Issues

1. Names on Donor Contribution Report not matching Donor's Tax Return
2. Donations Made by Corporations on Behalf of Employees
3. Multiple Donations by the Same Person or Same Tax Identification Number